



CITY OF JASPER, MISSOURI

YEAR ENDED DECEMBER 31, 1998

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 99-22  
March 30, 1999

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

Some problems were discovered as a result of an audit conducted by our office in response to the request of petitioners from Jasper, Missouri.

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**NOTE: Recommendations, as well as responses from the city, which correspond with the findings below are included in the audit.**

Procedures have not been established to ensure expenditures are properly allocated among the various funds benefitting from the expenditures and to ensure restricted revenues are expended only for their intended purposes.

The city pays wage and fringe benefit expenses from both the water and sewer fund and the general fund. However, these expenses are not consistently allocated and no documentation is available to support the method of allocation used.

It is essential that the city properly allocate expenses to the various funds. In December 1998, the board authorized an increase in water and sewer rates. Allocation of expenses is necessary for the city to ensure the water and sewer rates are sufficient to cover the cost of providing the service without generating profits to subsidize other city services. Furthermore, the uses of certain funds, such as capital improvements and transportation sales taxes and state motor vehicle-related revenues, are limited by state law for specified purposes.

In 1997, the city began developing a sports complex facility; however, it appears the city has not performed adequate planning for the project or sufficiently documented actions taken. The city should review the sports complex design and estimate the total cost of the facility to ensure the project is financially feasible. In addition, the city should ensure adequate planning is performed and documented for future developments to ensure financial feasibility, facilitate the projects, and help anticipate problems. Documentation of the planning process is essential in informing citizens and further helps in avoiding confusion and misunderstandings.

The city should also prepare formal annual plans for maintenance and improvement of city streets and sidewalks.

In regard to accounting procedures and controls, we found that duties are not adequately segregated, receipts are not deposited intact, and the composition of receipts is not reconciled to the composition of deposits. Board approval of disbursements is not adequately document-

ed. An independent appraisal was not obtained for a purchase of real property. The Mayor co-signs checks but is not bonded. The city should consider reducing the number of bank accounts maintained. Annual reports of property tax collections and delinquent taxes are not prepared as required by law.

Budgets did not include some information required by state law and were not formally adopted prior to the beginning of each year. Published financial statements did not reflect some financial activity and indebtedness of the city.

Discrepancies concerning the city boundaries have not been resolved. We recommend the Board of Aldermen review the discrepancies regarding the city limits and seek legal counsel regarding any action that should be taken. The resolution of the matter should be sufficiently documented.

CITY OF JASPER, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-2
HISTORY AND ORGANIZATION .....	3-5
MANAGEMENT ADVISORY REPORT.....	6-17
SUMMARY OF FINDINGS .....	7

<u>Number</u>	<u>Description</u>	
1.	Restricted Revenues.....	8
2.	Capital Improvements .....	9
3.	City Boundaries.....	10
4.	Accounting Controls and Procedures.....	11
5.	Water and Sewer System .....	13
6.	Written Agreements .....	15
7.	Budgets and Financial Reporting.....	15
8.	Minutes and Ordinances .....	17



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Members of the Board of Aldermen  
City of Jasper  
Jasper, Missouri 64755

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Jasper, Missouri. Our audit of the city included, but was not limited to, the year ended December 31, 1998. The objectives of this audit were to:

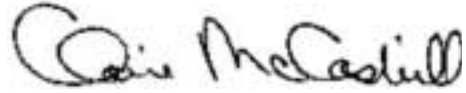
1. Perform procedures we deemed necessary to evaluate the petitioners' concerns.
2. Review compliance with certain constitutional provision, statutes, ordinances, and attorney general's opinions as we deemed necessary or appropriate in the circumstances.
3. Review certain management practices which we believe could be improved.

Our audit was made in accordance with generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. We also reviewed board minutes, city policies and ordinances, and various city financial records.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention which would have been included in the audit of the city.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the city and was not subjected to auditing procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings and recommendations arising from our audit of the city of Jasper, Missouri.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

February 4, 1999

## HISTORY AND ORGANIZATION

# CITY OF JASPER, MISSOURI HISTORY AND ORGANIZATION

The city of Jasper is located in Jasper County. The city was incorporated in 1881 as a fourth-class city. The population of the city in 1990 was 994.

The city government consists of a mayor and a four-member board of aldermen. The four board members are elected for two-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The mayor, board of aldermen, and other principal officials at December 31, 1998 were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Compensation for the Year Ended December 31, 1998</u>	<u>Amount of Bond</u>
Fred Krusekopf, Mayor	April 1999	\$ 140	
Judy Jones, Alderwoman	April 1999	60	
Dusty Nelson, Alderman	April 1999	70	
Russell Selvey, Alderman	April 2000	70	
Bill Hulstine, Alderman (1)	April 2000	0	
<u>Other Principal Officials</u>			
Mary McNary, City Clerk/City Collector		16,940	\$15,000
Debra Weng, City Treasurer		3,731	15,000
Doug Miller, City Attorney (2)		2,046	
Tom Tompkins, Police Chief (3)		16,884	
Kevin Blades, Fire Chief (4)		0	
Tom Moore, City Engineer		2,814	

- (1) Elected in April 1998 to replace Mark Maneval.
- (2) Appointed September 23, 1998. Mark Mayo served as City Attorney prior to August 1998.
- (3) Promoted to acting police chief in July 1998 and appointed Police Chief on November 11, 1998. Gary Terry served as Police Chief until June 1998.
- (4) Appointed September 23, 1998. J. R. Good was appointed April 20, 1998 and resigned in September 1998. Tony Neher served prior to April 1998.

In addition to the officials listed above, the city has three full-time employees.

Assessed valuation and tax rate information for the tax year 1998 were as follows:

<b>ASSESSED VALUATION</b>	
Real estate	\$2,724,870
Personal property	2,243,170
Railroad and utility	<u>331,477</u>
Total	<u>\$ 5,299,517</u>



TAX RATE PER \$100 OF ASSESSED VALUATION	
General Fund	\$ .76

The city also has the following sales taxes; rates are per \$1 of retail sales:

	<u>Rate</u>	<u>Expiration Date</u>
General	.01	None
Capital improvement	.005	None
Transportation	.005	None

## MANAGEMENT ADVISORY REPORT

CITY OF JASPER, MISSOURI  
SUMMARY OF FINDINGS

1. Restricted Revenues (page 8)

Procedures have not been established for the proper allocation of expenditures and to ensure restricted revenues are expended only for their intended purposes.

2. Capital Improvements (pages 9-10)

The city has not performed adequate planning or sufficiently documented its actions related to the construction of a sports complex facility and has not developed a formal plan for the construction, repair, and maintenance of streets and sidewalks.

3. City Boundaries (pages 10-11)

Discrepancies concerning the city boundaries have not been resolved.

4. Accounting Controls and Procedures (pages 11-13)

Duties are not adequately segregated. Receipts are not deposited intact, and the composition of receipts is not reconciled to the composition of deposits. Board approval of disbursements is not adequately documented. An independent appraisal was not obtained for a purchase of real property. The Mayor co-signs city checks but is not bonded. The city should consider reducing the number of bank accounts maintained. Annual reports of property tax collections and delinquent taxes are not prepared as required by state law.

5. Water and Sewer System (pages 13-15)

Monthly accounts receivable listings are not reconciled to beginning accounts receivable, plus billings, less utility payments and adjustments. Utility credit adjustments are not adequately documented, reviewed, and approved. The total gallons of water pumped is not reconciled to gallons of water billed. The city needs to file a schedule of planned sewer improvements with the Department of Natural Resources.

6. Written Agreements (page 15)

The city has not entered into written agreements for various services and cooperative agreements.

7. Budgets and Financial Reporting (pages 15-17)

Budgets did not include some information required by state law and were not formally adopted prior to the beginning of each year. Published financial statements did not reflect some financial activity and indebtedness of the city.

8. Minutes and Ordinances (page 17)

Board minutes are not signed by the City Clerk or Mayor and improvement is needed in the organization of city ordinances.

CITY OF JASPER, MISSOURI  
MANAGEMENT ADVISORY REPORT

<b>1.</b>	<b>Restricted Revenues</b>
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Procedures have not been established to ensure expenditures are properly allocated among the various funds benefitting from the expenditures and to ensure restricted revenues are expended only for their intended purposes.

The city pays wage and fringe benefit expenses from both the water and sewer fund and the general fund. However, these expenses are not consistently allocated and no documentation is available to support the method of allocation used. The City Clerk indicated that the city attempts to pay wages and fringe benefits for the City Clerk and two of the water and street department employees from the water and sewer fund, while the Treasurer and the third employee of the water and street department are paid from the general fund. However, between June and August 1998, wages for all five employees were often paid from the water and sewer fund because the cash balance in the general fund was not sufficient to cover the expenses.

Time sheets are prepared by all employees, indicating the total hours worked. However, no documentation is maintained to separately indicate the number of hours related to streets, water and sewer, or other activities.

It is essential that the city properly allocate expenses to the various funds. In December 1998, the board authorized an increase in water and sewer rates. Allocation of expenses is necessary for the city to ensure the water and sewer rates are sufficient to cover the cost of providing the service without generating profits to subsidize other city services. Furthermore, the uses of certain funds, such as capital improvements and transportation sales taxes and state motor vehicle-related revenues, are limited by state law for specified purposes. Therefore, documentation and proper allocation of expenses is useful for both management and compliance purposes.

**WE RECOMMEND** the Board of Aldermen ensure all expenditures are properly allocated to the various funds and the allocations are supported by adequate documentation.

**AUDITEE'S RESPONSE**

*We have already taken steps to improve the method of allocating expenditures to the various funds and will continue to do this.*

<b>2.</b>	<b>Capital Improvements</b>
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- A. In 1997, the city began developing a sports complex facility; however, it appears the city has not performed adequate planning for the project or sufficiently documented actions taken.

In February 1997, the city paid \$40,000 for 27 acres of land located near the city lagoon and existing ball fields. The expenditure was paid \$30,000 from the capital improvements sales tax fund and \$10,000 from the transportation sales tax fund. City officials indicate that approximately 25 percent of the land is to be used for construction of a road and additional parking for the city ball fields, and 75 percent is to be used for development of the sports complex facility. However, board minutes contained no documentation of the board's intentions for the use of the land or justification for paying 25 percent of the cost from transportation sales tax monies.

In May 1997, the board authorized the city's recreation committee to determine the feasibility of developing a sports complex; however, no formal feasibility study was prepared. The City Engineer was paid \$5,100 to design a 16-acre sports complex facility which includes the existing ball fields and extends onto the newly acquired land. This expenditure was paid primarily from a \$5,000 donation which was restricted for that purpose. The City Engineer was also paid \$2,435 from the capital improvements sales tax fund to develop the grading plans. In October 1998, the city entered into a contract not to exceed \$35,000 for excavation work, to be paid from the capital improvements sales tax fund. The engineering plans did not include construction cost estimates, and there is no documentation to indicate the board approved the sports complex design or estimated the total cost of the project.

The city should review the sports complex design and estimate the total cost of the facility to ensure the project is financially feasible. In addition, the city should ensure adequate planning is performed and documented for future developments to ensure financial feasibility, facilitate the projects, and anticipate and help prevent potential problems. Documentation of the planning process further helps to avoid confusion or misunderstandings and to inform citizens.

- B. In May 1997, the board discussed the need to establish goals for the improvement and repair of streets. They have also periodically discussed the need to repair sidewalks. However, the city has not established a city-wide plan for the construction, repair, or maintenance of streets and sidewalks. A formal plan of street and sidewalk improvements noting the more critical needs of the city is needed to support the expenditures made by the city. This plan is necessary to show whether financial resources are sufficient to meet the critical needs, to provide support for budget preparation and expenditures for street and sidewalk repairs, and to answer questions raised by the public.

**WE RECOMMEND** the Board of Aldermen:

- A. Review the sports complex design and estimate the total cost to ensure the project is financially feasible. The board should ensure adequate planning is performed and sufficient documentation maintained for future developments to ensure financial feasibility, facilitate the projects, and anticipate and help prevent potential problems.
- B. Prepare formal annual plans for maintenance and improvement of city streets and sidewalks.

**AUDITEE'S RESPONSE**

- A. *This project is a joint venture with the local school district and the youth baseball association and these entities have committed resources to the project. By working with these entities and obtaining donated labor and supplies when possible, the city is attempting to obtain the greatest value for the taxpayers and we believe the completed project will be a great asset to the community.*

*We will review the project and attempt to estimate the costs for those portions of the project that the city intends to complete.*

- B. *We agree with this recommendation.*

### **3. City Boundaries**

In 1996, the city paid an engineering firm to draw a new city map. Since that time, several citizens have questioned the correctness of the city limits as reflected on the new map. In December 1997, the Missouri Department of Transportation relocated one city limit sign in response to complaints received from citizens, stating that they could find no confirmation that the section of land in question was within the Jasper city limits. In January 1998, the Jasper County Clerk provided the Board of Aldermen with a copy of the 1990 Census map prepared by the United States Geological Survey Department. That map reflected the city limits differently than the new city map, and the County Clerk indicated she could find nothing to support the annexations reflected on the city's map. The March 16, 1998 board minutes indicate the former City Attorney intended to file a copy of the 1939 ordinance defining city limits with the County Clerk's office in order to clear up any questions on the matter. As of December 31, 1998, the City Attorney had not filed the ordinance with the County Clerk, and the conflict between the county's records and the city's records had not been resolved.

The Board of Aldermen should review the situation and seek legal counsel regarding any action that should be taken. In addition, the resolution of the matter should be sufficiently documented in the board minutes.

**WE RECOMMEND** the Board of Aldermen review discrepancies regarding the city limits and seek legal counsel regarding any action that should be taken. The resolution of the matter should be sufficiently documented.

### **AUDITEE'S RESPONSE**

*We agree and will work with our city attorney to resolve this issue.*

### **4. Accounting Controls and Procedures**

- A. The City Clerk performs all functions related to preparing the utility bills, receipting and recording utility payments and credit adjustments, depositing utility receipts, monitoring accounts for delinquencies, and initiating service shutoff orders. In addition, while the duties of property tax book preparation, billing, and collections appear to be adequately

segregated between the City Clerk and City Treasurer, the City Clerk also serves as City Collector and collects property tax payments.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. One person holding any two of these offices does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties or receipting and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the accounting records.

B. The following concerns were noted related to receipts:

1. Checks made payable to petty cash are cashed out of current collections. In addition, third party checks were cashed for a city official. As a result, receipts are not deposited intact.
2. The city receives cash and checks for the payment of utility bills, property taxes, and various other receipts. Receipts are posted to a daily receipt listing and reconciled to deposits in total. However, the method of payment (cash, check, money order, etc.) is not recorded on the listing. Consequently, the composition of receipts is not reconciled to the composition of deposits.

To ensure the proper handling and safeguarding of city monies, receipts should be deposited intact. In addition, the method of payment should be indicated on the daily receipt listing, and the composition of receipts should be reconciled to the composition of bank deposits.

C. The City Clerk provides the Board of Aldermen with listings of bills to be paid each month. However, the listings do not always include bills to be paid from the capital improvements and transportation sales tax funds. In addition, bills that are paid between board meetings and recurring expenditures such as utilities and payroll are not included on the listings.

To adequately document the board's review and approval of all disbursements, a complete and detailed listing of all bills paid from each fund should be prepared, signed or initialed by the board to denote their approval, and retained with the official minutes.

D. During 1997, the city paid \$40,000 for the purchase of approximately 27 acres located contiguous with other city property. The city did not obtain an appraisal for the property. The Jasper County Assessor had appraised this property for \$21,340 in 1997.

Independent appraisals are particularly necessary when amounts paid exceed the County Assessor's appraised value.

- E. City checks require two signatures. The Mayor co-signs checks with the City Clerk or City Treasurer. While the City Clerk and City Treasurer are bonded, the Mayor is not. Failure to adequately bond all persons with access to assets exposes the city to risk of loss.
- F. At December 31, 1998, the city had 13 checking and savings accounts and 5 certificates of deposit. Maintaining numerous bank accounts unnecessarily complicates bookkeeping functions.
- G. The City Clerk/City Collector does not prepare annual reports of tax collections and delinquent taxes. Section 79.310 and 94.320, RSMo 1994, require the city collector to make annual reports of tax collections and delinquent taxes.

Detailed annual reports which comply with state law and are classified by type of tax would help provide assurance taxes have been properly collected, written off, or determined to be delinquent. Such a report would summarize all taxes charged to the city collector, monthly collections, delinquent credits, abatements, and additions. Without such a report, examined by the Board of Aldermen, any errors or irregularities that might occur are likely to go undetected.

**WE RECOMMEND** the Board of Aldermen:

- A. Appoint separate individuals to the positions of City Clerk and City Collector, and segregate the duties of receiving and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If this is not possible, at a minimum, procedures for adequate independent reviews should be established.
- B. Deposit receipts intact, and discontinue cashing checks from official receipts. In addition, the method of payment should be recorded on the daily receipt listing, and the composition of receipts should be reconciled to the composition of bank deposits.
- C. Ensure complete listings of all expenditures from each fund are prepared, approved by the board, and filed with the board minutes.
- D. Ensure appraisals are obtained prior to purchases of real property.
- E. Obtain adequate bond coverage for all persons with access to assets.
- F. Consider consolidating monies into fewer bank accounts.
- G. Require the City Collector to prepare detailed annual reports as required by state law which summarize property tax activity and which can be used to facilitate the reconciliation of taxes charged, taxes collected, and delinquent taxes.

**AUDITEE'S RESPONSE**

- A. *Adequate segregation of duties is not possible with our limited number of employees. The City Treasurer is now performing independent reviews of utility receipts and deposits.*

*B&C. This has been implemented.*



*D&E. We agree with these recommendations.*

*F. We will consider reducing the number of bank accounts.*

*G. We agree and are working on this.*

<b>5. Water and Sewer System</b>
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A. The city does not reconcile month-end customer accounts receivable listings to beginning accounts receivable, plus monthly billings, less total utility payments and adjustments. Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliation should be retained to support conclusions and any corrections made and to facilitate independent reviews.

B. There is no supporting documentation or independent approval of utility credit adjustments. The City Clerk has the ability to record credit adjustments to the computer system without documenting each adjustment.

To ensure that all credit adjustments are valid and properly approved, someone independent of receipting and recording functions should review and approve all credit adjustments, and proper supporting documentation should be maintained of such adjustments.

C. The city does not compare the total gallons of water billed to customers to the gallons of water pumped. The City Clerk prepares monthly reports of the total number of gallons billed to customers and the water and street department records daily meter

readings of the city's two water wells, so information is available to perform such reconciliations.

To help detect significant water loss on a timely basis and to help ensure all water usage is properly billed, the city should reconcile the total gallons of water pumped to the gallons of water billed on a monthly basis and investigate significant differences.

- D. In 1993, the state and the Missouri Clean Water Commission filed a legal action against the city because of deficiencies in the wastewater treatment facility. As part of a Consent Judgement executed with the Missouri Clean Water Commission, the city adopted a municipal compliance plan which provided for modifications to be made to the existing wastewater treatment facility to enable the facility to meet appropriate effluent limitations for its discharge or eliminate the discharge. However, the modifications were not effective in bringing the facility into compliance. In 1997, the board authorized another engineering study to be performed of the water and wastewater systems. The results of the study and recommendations of the engineer were presented to the board and submitted to the Department of Natural Resources (DNR) in March 1998. Although the city has taken steps to implement some of the recommendations of the engineer, progress in bringing the wastewater treatment facility into consistent compliance has been slow. In a letter to the city dated September 21, 1998, the DNR requested a written schedule to be provided within 30 days reflecting tentative dates for completion of the various improvements outlined in the engineer's report. As of February 4, 1999, the city had not provided such a schedule to the DNR.

**WE RECOMMEND** the Board of Aldermen:

- A. Require monthly accounts receivable listings to be reconciled to beginning accounts receivable, plus billings, less collections and other adjustments.
- B. Require independent approval of all credit adjustments, and ensure adequate documentation is retained of such adjustments.
- C. Compare the gallons of water pumped to the gallons billed on a monthly basis and investigate significant differences.
- D. Work to expedite the improvements necessary to bring the wastewater treatment facility into consistent compliance. In addition, the DNR should be contacted regarding a tentative schedule for such improvements.

**AUDITEE'S RESPONSE**

- A. *We agree and are working with our computer programmer to implement this.*
- B. *We are working on this.*
- C. *We agree with this recommendation.*
- D. *The city has purchased a dredge which we anticipate will be in use this Spring and will provide a solution to the immediate problem. We will continue to take steps to provide a more permanent solution.*

**6.****Written Agreements**

- A. The city of Jasper and the surrounding rural area are served by the city fire department and the Jasper Farmer's Fire Protection Association (JFFPA), respectively. The JFFPA, registered as a benevolent corporation, collects membership fees and charges for fire protection services. The city allows the JFFPA to use the city-owned fire barn. In addition, the city and the JFFPA each pay one-half of many expenditures including equipment purchases and operating expenses such as utilities and repairs. The city has not entered into a written agreement with the JFFPA defining the duties and responsibilities of each entity.
- B. The city appoints a local attorney to serve as City Attorney. The city has not entered into a formal written contract with the City Attorney defining the services to be rendered and compensation to be paid for the legal services. In addition, although the city did have a written agreement with the City Engineer, that agreement expired in November 1997 and has not been updated.

Written contracts are necessary to document the rights and responsibilities of all parties involved and to prevent misunderstandings. In addition, Section 432.070, RSMo 1994, requires contracts for political subdivisions to be in writing.

**WE RECOMMEND** the Board of Aldermen obtain written agreements with the JFFPA, the City Attorney, and the City Engineer to ensure the rights and responsibilities of all parties are specifically outlined.

**AUDITEE'S RESPONSE**

*We agree with this recommendation.*

**7.****Budgets and Financial Reporting**

- A. The city's budgets did not comply with state law or were otherwise insufficient as follows:
1. The budget for the year ended December 31, 1999, was not approved until February 8, 1999. In addition, the budget for the year ended December 31, 1998, was not prepared until October 1998, and no documentation was available to indicate that the budget was formally approved and adopted.
  2. The budgets did not include some funds. For example, the capital improvements sales tax, local transportation sales tax, local use tax, police training, parks and recreation, and DARE funds were not included in the budgets.
  3. The budgets did not reflect beginning available resources or projected ending fund balances and did not include budget messages or general budget summaries

describing the important features of the budget and major changes from the preceding years.

4. The budgets included budgeted revenues and expenditures for the two preceding years. However, they did not include comparative statements of the estimated or actual revenues and expenditures for the two preceding budget years.

Section 67.010, RSMo 1994, requires each political subdivision of the state to prepare an annual budget with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget should include appropriate revenue and expenditures estimations by classification, and include the beginning available resources and reasonable estimates of the ending available resources of all funds. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years. Section 67.030, RSMo 1994, requires the board to adopt and approve the budgets prior to the beginning of the applicable fiscal year.

- B. The city publishes semi-annual financial statements. The financial statements published for the six months ending June 30, 1998 and December 31, 1997, did not include some funds. For example, the DARE fund was not included in the published financial statement for the six months ending June 30, 1998. In addition, the published financial statements did not include the amount of indebtedness of the city. At December 31, 1998, the city had approximately \$95,000 in capital lease obligations.

Section 79.160, RSMo 1994, requires the board of aldermen to prepare and publish semi-annually, a full and detailed account of the receipts, expenditures, and indebtedness of the city. Complete and accurate financial statements are necessary to keep the citizens informed of the financial activity and condition of the city.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure annual budgets include all relevant information and are adopted prior to the beginning of the fiscal year, as required by state law.
- B. Publish complete and accurate financial statements that provide the citizens an account of all of the financial activity and indebtedness of the city.

**AUDITEE'S RESPONSE**

- A. *We have made improvements with the 1999 budget and will continue to make improvements.*
- B. *We agree with the recommendation.*

<b>8.</b>	<b>Minutes and Ordinances</b>
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- A. The board minutes are prepared by the City Clerk, but the minutes are not signed. The board minutes should be signed by the City Clerk as preparer and by the Mayor to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.
- B. The city's ordinances were last codified in 1982. Since that time, approximately 98 ordinances have been passed. A summary listing and copies of these ordinances are filed in the back of the code book. However, old ordinances have not been removed from the book or clearly identified as having been repealed or superseded by subsequent ordinances. As a result, it is difficult to determine which city ordinances are currently in effect. In addition, city ordinances omit various policies and actions. For example, the city has not adopted a formal policy regarding public access to records or appointing non-elected city officials and establishing their salaries.

Since the ordinances represent legislation passed by the Board of Aldermen to govern the city and its residents, it is important that the city's ordinances be maintained in a complete, well-organized, and up-to-date manner. Such items as public access to records and the annual appointment of city officials and their compensation should be set forth in the ordinances to give the taxpayers information on how the city is to be governed.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure board minutes are signed by the City Clerk and the Mayor to attest to their completeness and accuracy.
- B. Update the city's ordinances and adopt ordinances regarding public access to records and the appointment and compensation of city officials.

**AUDITEE'S RESPONSE**

- A. *We agree with the recommendation.*
- B. *We agree and are working on this.*

This report is intended for the information of the city's management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

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